



September 27, 2005

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

**RE: Michigan Credit Union League's Comments on Proposed Rule Part 741.8
and Part 741.3 CUSO Investments**

Dear Ms. Rupp,

The Michigan Credit Union League (MCUL) appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) concerning its proposed rules regarding Requirements for Insurance in Part 741 and rules governing Credit Union Service Organizations in Part 712.

The MCUL is a trade association representing over 90% of state and federally chartered credit unions located in the state of Michigan. This comment letter was drafted in consultation with the MCUL Government Affairs Committee, which is comprised of Michigan credit union staff and officials.

Comments re Purchase of Assets and Assumption of Liabilities between FCUs (Part 741.8)

NCUA seeks comments on its efforts to clarify the scope of Part 741.8, which if issued will eliminate the requirement for NCUA Board approval of certain transactions between FCUs with some exceptions.

We support the clarification and agree that because of ongoing oversight by NCUA examiners, that these FCU transactions do not represent an increase in substantial risk to the NCUSIF. Thus the involvement of the NCUA Board is an inefficient use of high-level resources for normally low risk activities identified in the Proposal.

Comments re Credit Union Service Organizations (Part 712)

NCUA seeks comments, in two parts, on enlarging the scope of Part 712 governing a FCU's investment in a Credit Union Service Organization to include all federally insured credit unions (FISCUs).

The first part of this section of the Proposal is not clear whether the Proposal is intended to identify an investment in a CUSO as a non-conforming investment and thus potentially subject this investment to changes stated in the Proposal (removing the current reserve requirements in favor of an investment grade standard). This should be made clear in any future Proposal draft.

Regardless of NCUA's intention in this NPRM, it is our firm opinion that CUSOs should not be judged by an investment grade standard. CUSO's by their very nature are more risky than higher-grade investments. A perfect example is a CUSO that is just forming or in the early stages of development or even its early years of growth. Rather, the protections come from Part 712, which imposes many regulatory requirements that mitigate the risk of these kinds of investments to the investing credit union. With this detailed oversight already in place, we feel that imposing an investment grade standard is unnecessary.

As for the second part of this section, extending the requirements in Part 712 to all federally insured credit unions (thereby including federally insured state-chartered credit unions), we do not oppose this enlargement as the requirements found in Part 712 are present in our own Michigan Credit Union Act. We believe they are sound business-related requirements that we supported as our own Act was modernized in 2003.

We appreciate the opportunity to comment.

Sincerely,

A handwritten signature in dark ink, appearing to read "Matthew O. Beard". The signature is fluid and cursive, with the first name "Matthew" and last name "Beard" clearly legible, and "O." in the middle.

Matthew Beard
Regulatory Specialist
Michigan Credit Union League

cc: Credit Union National Association, Inc.